

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 COME-00 TRSE-00 CIAE-00
INR-10 NSAE-00 L-03 OMB-01 INT-05 SS-15 SP-02
NSC-05 STR-07 AID-05 /076 W
-----013354 040529Z /12

R 031931Z JUL 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 2106

UNCLAS KINGSTON 5271

E.O. 11652: N/A
TAGS: ECON, EMIN, JM
SUBJECT: JAMAICA EXPECTS US\$200 MILLION FROM BAUXITE LEVY
IN 1978

1. JAMAICA EXPECTS TO OBTAIN US\$200 MILLION (J\$324 MILLION)
FROM THE BAUXITE LEVY DURING 1978. THIS WILL BE A RECORD
INTAKE FROM THE LOCAL MINING INDUSTRY IF REALIZED.
MINISTER OF FINANCE ERIC BELL TOLD PARLIAMENT THAT A
PROJECTED 5 PERCENT INCREASE IN BAUXITE PRODUCTION OVER THE
1977 OUTPUT OF 11 MILLION TONS WAS EXPECTED. AT THE
BASIC RATE OF US\$18.49 LEVY PER TON, US\$200 MILLION WOULD
BE REALIZED. CONVERTED TO J\$ AT THE AVERAGE 1978 EXCHANGE
RATE OF J\$1.62 TO US\$1.00, THE EQUIVALENT WOULD BE J\$324
MILLION. OF THIS SUM J\$261 MILLION WOULD BE ALLOCATED
TO FINANCE THE 1977-78 BUDGET OF J\$1.8 BILLION AND THE
REMAINING J\$63 MILLION WOULD GO TO THE CAPITAL DEVELOPMENT
FUND.

2. MR. BELL ALSO ANNOUNCED THAT THE PRODUCTION LEVY RATE
HAS BEEN DECREASED FROM 8 PER CENT TO 7.5 PER CENT
RETROACTIVE TO JANUARY 1, 1977. THIS HAS BEEN DECIDED
INSTEAD OF REMITTING TAX TO THE BAUXITE COMPANIES.
THE GOJ IN 1977 REMITTED J\$21.7 MILLION TO THE COMPANIES
COMPARED WITH J\$2 MILLION IN 1976.

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3. OPPOSITION MEMBER DOUGLAS VAZ SAID THAT THE REDUCTION
OF THE LEVY AND THE DEVALUATION OF THE JAMAICAN DOLLAR HAVE
MADE THE LOCAL BAUXITE INDUSTRY MORE COMPETITIVE BUT REMARKED
THAT THE IMPOSITION OF THE TEN PER CENT AD VALOREM STAMP
DUTY AND IMPENDING INCREASED LABOR COSTS WOULD REDUCE THE
BENEFICIAL IMPACT.

IRVING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, LEVIES, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 03 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KINGST05271
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780275-0032
Format: TEL
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197807100/aaaadglj.tel
Line Count: 63
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1840c06a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1847157
Secure: OPEN
Status: NATIVE
Subject: JAMAICA EXPECTS US\$200 MILLION FROM BAUXITE LEVY IN 1978
TAGS: ECON, EMIN, JM
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1840c06a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014